GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:3211
ANSWERED ON:10.12.2002
SUBSIDY CUT TO FERTILIZER COMPANIES
MARGARET ALVA

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that the Government are planning a 1000 crore subsidy cut to the fertilizer companies in the VIIth and VIIIth Fertilizer pricing policy;

(b) if so, the details thereof;

(c) whether there is any hike in prices of major fertilizers like Urea and Ammonia; and

(d) if so, the details thereof ?

Answer

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI SUKHDEV SINGH DHINDSA)

(a) & (b): The policy parameters for the period w.e.f 1.7.1997 - the 7th and 8th pricing periods - have been finalized with the approval of the competent authority on 16.5.2002, and have also been communicated to all urea units on 4.6.2002. The 7th Pricing Period will cover the period from 1.7.1997 to 31.3.2000 and the 8th Pricing Period, from 1.4.2000 to 31.3.2003 or till a new pricing policy comes into existence, whichever is earlier. These are largely in the nature of updating the norms prevailing in the preceding pricing period. However, significant changes have been made in the 7th and 8th pricing policy with regard to reassessment of plant capacities, withdrawal of vintage allowance, increase in normative levels of capacity utilization and updating the consumption norms. Revision in retention prices has led to recovery in some cases and to payment in order cases, depending upon the facts of each case.

(c) & (d): The maximum retail prices of Urea and Anhydrous Ammonia were increased to Rs. 4830 per metric tonne (PMT) and Rs. 7710 PMT, respectively, w.e.f 28.2.2002 from Rs. 4600 PMT and Rs. 7340 PMT, respectively.